

2011

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X-Rated: Correcting Previously Filed Returns

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Amended Returns: 10 Facts

1. Use Form 1040X (Amended U.S. Individual Income Tax Return).
2. All returns, paper or e-filed, are amended with a paper Form 1040X.
3. File amended return for incorrect:
 - filing status and/or dependents
 - total income
 - deductions or credits.

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Amended Returns: 10 Facts

4. Generally, Form 1040X is not used to address math errors.
5. Don't file an amended return for forgotten forms/schedules...unless...
6. Generally, file Form 1040X within 3 years from original return filing date or within 2 years from date tax was paid, whichever is later.

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Amended Returns: 10 Facts

7. If amending more than one tax return, prepare a Form 1040X for each return and mail in separate envelopes.
8. If the changes involve another schedule or form, attach it to the 1040X.



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Amended Returns: 10 Facts

9. When filing to claim an additional refund, wait until receipt of original refund before filing Form 1040X.
10. If you owe additional tax for 2010, you should file Form 1040X and pay the tax as soon as possible to limit interest and penalty charges.

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Common Situations

Correcting wages or other compensation

Changing IRA deduction (Form 8606)

Itemized deductions or standard deduction

Number of exemptions

Tax liability



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More Common Situations

Practice Pointer! Watch out for AMT

Credits

Other Taxes

Payments & Credits



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Other Uses of Form 1040X

Change amounts previously adjusted by IRS.

Make a claim for a carryback due to a loss or unused credit.

- May use Form 1045 (Application for Tentative Refund) instead of Form 1040X.

Make certain elections after prescribed deadline.

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Practice Pointer!

Form 1045

Form 1045 instructions & worksheets provide best guidance for preparing loss or credit carryback claims.

Procedures for Forms 1040X and 1045 are different.



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Practice Pointer!

Form 1045

Form 1045 is not a claim for credit or a claim for refund.

- May be disallowed if material omissions or math errors are not corrected within the 90-day period.
- Taxpayer can file a regular claim for credit or refund before the limitation period expires.

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Form 1040X Recipe

You will need:

Copy of original return, with supporting forms, schedules, & worksheets;

Notices from IRS on any adjustments;

Supporting documentation for change(s) being made.



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Assembling the Return

May be easier to prepare a completely correct return, & enter the appropriate field into the newly formatted Form 1040X.

Return As Filed

Return As Corrected

DO NOT SEND the revised returns unless clearly notated as **NOT TO BE PROCESSED**.

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Two Big Questions

How long until I get my refund?

- IRS suggests we tell clients 8 to 12 weeks!

Will IRS pay interest on refunds?

- If a refund arising from an amended return or refund claim is issued within 45 days, no interest is payable for that up-to-45-day period.

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Practice Pointer!

Any refund can be used by IRS to offset existing federal or state debts.

Any additional Form 1040X refund to which t/p is entitled will be sent separately from any original refund not yet received.

Refunds cannot be directly deposited.

Don't forget state returns!

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Is IRS required to accept amended returns?

...the Supreme Court affirms an amended return cannot undo a fraudulent return...in terms of the indefinite limitations period & start the running of the general 3-year period...

...acceptance of an amended return is discretionary on the part of the Service...
[*Badaracco v. Commissioner*, 464 U.S. 386 (1984)]

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